

PROTECTED B

BRIEFING NOTE TO THE MINISTER**RECOMMENDATION TO APPROVE LITTLE NARROWS FERRY REPLACEMENT
FOR FUNDING UNDER THE INVESTING IN CANADA INFRASTRUCTURE
PROGRAM IN NOVA SCOTIA**

(For Signature)

PURPOSE

- The purpose of this note is to: 1) seek your approval to provide up to \$3,000,000 in federal funding to Nova Scotia for the Little Narrows Ferry Replacement (the Project) under the Investing in Canada Infrastructure Program (ICIP) and 2) request your signature on the attached letter (Annex A) informing Nova Scotia that the Project has been approved for federal funding.

HIGHLIGHTS/KEY CONSIDERATIONS

- Infrastructure Canada (INFC) officials have reviewed the Project and confirmed that it is within your delegated authority and both the Project and ultimate recipient are eligible for funding under the terms and conditions of ICIP. INFC Corporate Services have reviewed the cash flow and confirmed that funds are available. Additionally, the Other Government Department Steering Committee and the External Review Committee have reviewed the Project and did not raise any significant considerations.
- INFC officials have determined there are no requirements under the Canadian Environmental Assessment Act, 2012 for this project.
- INFC officials have determined there is no legal obligation to consult with Aboriginal groups under section 35 of the Constitution Act, 1982 for the Project.
- Since the Project is under \$10,000,000, a greenhouse gas emissions assessment and a climate change resilience assessment was not required under the climate lens.

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KEY BACKGROUND


- The Project was submitted by Nova Scotia on November 28th, 2018 and if approved, would be governed by the Canada-Nova Scotia Integrated Bilateral Agreement for the Investing in Canada Infrastructure Program, which came into effect on April 10, 2018. Total eligible costs for the Project are \$3,000,000. It would be funded under the Rural and Northern Communities stream, at a federal cost-share of 50% of eligible costs up to \$3,000,000. 90% of Nova Scotia's Rural and Northern Communities allocation would remain for future projects.
- The project involves replacing an old ferry with a bigger and more up-to-date ferry that meets Transport Canada's Marine Safety guidelines. The ferry runs from Cape Breton to Baddeck and Sydney, Nova Scotia.
- If approved, the Project will contribute to ICIP's immediate outcome of improved and more reliable marine infrastructure. Additional Project details are available in Annex B.

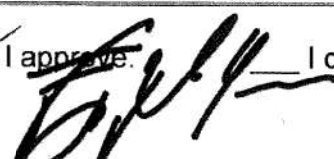
RECOMMENDATIONS/NEXT STEPS

- It is recommended that you approve the Project for up to \$3,000,000 in ICIP funding.
- If you approve the Project for ICIP funding and grant the associated project-level approvals, it is also recommended that you sign both copies of the attached letter to notify your Nova Scotia counterpart (Annex A) that the Project has been approved for federal funding.

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- Once approved, the Project can be announced. Should you wish to proceed with an announcement for the Project, departmental officials will work with your office to confirm the details.

	<u>Feb 16/19</u> Date
Kelly Gillis Deputy Minister Infrastructure and Communities	

<input checked="checked" type="checkbox"/> I approve.	<input type="checkbox"/> I do not approve.	<input type="checkbox"/> For discussion.
		<u>FEB 25 2019</u> Date
The Honourable François-Philippe Champagne, P.C., M.P. Minister of Infrastructure and Communities		

Attachments:

- Annex A – Project Approval Letter to Nova Scotia (2 copies)
- Annex B – Project Fiche



The Honourable Lloyd Hines, M.L.A.
Minister of Transportation and Infrastructure Renewal
Government of Nova Scotia
1672 Granville Street
P.O. Box 186
Halifax, Nova Scotia B3J 2N2

FEB 25 2019

Dear Colleague:

It is my pleasure to inform you of the approval of the Little Narrows Ferry Replacement project (the Project) under the Canada-Nova Scotia Integrated Bilateral Agreement for the Investing in Canada Infrastructure Program (the Agreement) that came into effect on April 10, 2018.

The maximum federal funding for the Project under the Investing in Canada Infrastructure Program is 50% of total eligible costs up to \$3,000,000. Furthermore, the Project is governed by the terms and conditions of the Agreement.

In order for Canada to pay eligible costs for approved projects, the requirements outlined in the Agreement must be met. To be considered eligible:

- Costs must be incurred on or after the date of this letter and costs associated with contracts must be for contracts signed on or after the date of this letter, except for costs associated with completing climate lens assessments.
- For costs associated with contracts, Nova Scotia will satisfy Canada that contracts are awarded in a way that is fair, transparent, competitive, consistent with value-for-money principles, or in a manner otherwise acceptable to Canada, and if applicable, in accordance with the Canadian Free Trade Agreement and international trade agreements.
- For incremental costs of employees of an ultimate recipient, the ultimate recipient must demonstrate that it is not economically feasible to tender a contract and the arrangement must be approved in advance and in writing by Canada.

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Canada

Environmental Assessment

Canada has determined that there are no requirements under the Canadian Environmental Assessment Act, 2012 for this Project.

Aboriginal Consultation

Canada has determined that there is no obligation to consult with Aboriginal groups.

Nova Scotia is responsible for communicating the requirements and responsibilities outlined in the Agreement's Communications Protocol to ultimate recipients. Communications activities, including project signage, should ensure that Canadians are informed of infrastructure investments made to help improve their quality of life and that they receive consistent information about funded projects and their benefits.

I would like to take this opportunity to thank you for your collaboration and commitment to the successful delivery of the Investing in Canada Infrastructure Program in Nova Scotia. I look forward to working with you as we continue to implement this long-term infrastructure program for the benefit of all Canadians.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'F. Champagne', with a stylized flourish at the end.

The Honourable François-Philippe Champagne, P.C., M.P.
Minister of Infrastructure and Communities



Rural and Northern Infrastructure

Little Narrows Ferry Replacement

Ultimate Recipient: Province of Nova Scotia

Location: Victoria County, Nova Scotia PIMS #: 53179

Project Description:

The project consists of replacing a 29 year-old 12-car cable ferry operating on the Little Narrows Service. Little Narrows Ferry provides an important transportation link in the rural area of Cape Breton. It allows for a shorter route to Baddeck and Sydney, especially for emergency vehicles in the area. It also acts as a major transition point for many chartered bus tours and plays an important part during festivals including the Celtic Colours and the Nova Scotia Mi'kmaw Summer Games.

The remaining service life of the ferry is 2-3 years based on the condition of the hull and mechanical systems. Transport Canada Marine Safety will not allow it to continue to operate unless extensive modifications are made to upgrade the ferry to current regulations.

This ferry will be replaced with a 15 car cable ferry with an estimated cost of \$6,000,000. The new ferry would provide for: lower operating cost and lower GHG emissions due to a new state of the art mechanical system and engine. It would also enhance overall safety/reliability and will be built to align with all Transport Canada regulations. In addition it will extend the life of the ferry to 35-40 years.

INFC ASSESSMENT

- INFC has made the determination that the project meets program eligibility requirements.
- The funding stream for the project is Rural and Northern Communities Infrastructure and the project will contribute to the outcome of improved and more reliable marine infrastructure.
- The applicable energy efficiency standard in the jurisdiction will be met or exceeded.
- The highest published accessibility standard, code, or by-laws in the jurisdiction will be met or exceeded.
- The Province of Nova Scotia is eligible for cost-sharing of up to 50% under the Rural and Northern Communities Infrastructure Stream, as per the program Terms and Conditions.
- [REDACTED]
- [REDACTED]

Are there any special conditions? ☐ Yes ☒ No

PROJECT IMPLEMENTATION DETAILS

Nature of the Project: 100% new

Percentage of design completed: 26-50%

Asset Ownership: The Ultimate Recipient will own and operate the asset.

Forecasted Construction Start Date (YYYY/MM/DD)

Forecasted Construction End Date (YYYY/MM/DD)

2020/01/01

2021/01/01

PROJECT FINANCES

Maximum Federal contribution for this project		50%
Sources of Funds	Amount (\$)	Percentage (%)
Total Project Costs	\$6,000,000	N/A
Total Eligible Costs	\$6,000,000	100%
ICIP Contribution – Stream 1 (Rural and Northern Communities)	\$3,000,000	50%
Other Sources of funding: Provincial Contribution	\$3,000,000	50%
All other sources of project funding are secured?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
Fiscal Year Breakdown - INFC Share (April 1 to March 31)		



2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27
	\$750,000	\$2,250,000						

PROJECT RESULTS**Outcome: Improved and more reliable marine infrastructure**

The expected result for this project is:

- Overall physical condition of new asset is expected to be 'Very Good'.

CLIMATE LENS**GHG mitigation assessment included?**

☐ Yes ☒ No

This project is under \$10,000,000 and therefore does not meet the requirement threshold to conduct a GHG mitigation assessment under the program Terms and Conditions.

Climate resilience assessment included?

☐ Yes ☒ No

This project is under \$10,000,000 and therefore does not meet the requirement threshold to conduct a Climate resilience assessment under the program Terms and Conditions.

COMMUNITY EMPLOYMENT BENEFIT (CEB)

Under the program Terms and Conditions, Community Employment Benefit reporting requirement applies to projects with total estimated eligible costs of \$10 million or more. Therefore, this section does not apply.

OTHER FEDERAL REQUIREMENTS**Environmental Review Required?**

No

INFC has determined that there are no requirements under the Canadian Environmental Assessment Act, 2012 for this Project.

Aboriginal Consultation Required?

No

Based on the information provided, there is no legal obligation to consult with Aboriginal groups under section 35 of the Constitution Act, 1982 for this Project.

RISKS AND MITIGATION STRATEGIES**Overall Risk Rating****Technical Complexity Risk Level :****Project Readiness Risk Level :****Public Sensitivity Risk Level :****Ultimate Recipient Capacity Risk Level :****STRATEGIC CONSIDERATIONS RAISED BY OTHER GOVERNMENT DEPARTMENT STEERING COMMITTEE**

No strategic considerations were raised following OGD Committee review.

STRATEGIC CONSIDERATIONS RAISED BY EXTERNAL REVIEW COMMITTEE

No strategic considerations were raised following ERC Committee review.